

Key Figures 2004



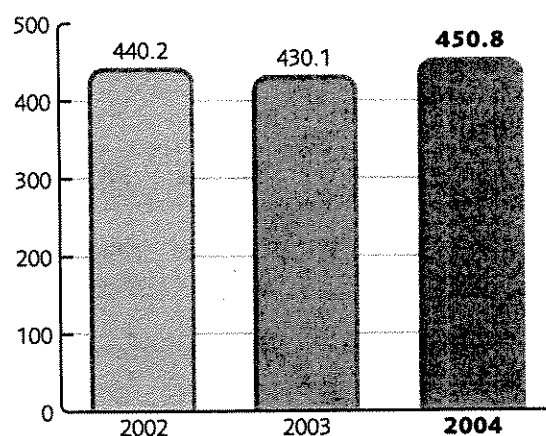
“ With an EBIT of €40.2 M in 2004 showing a +11.2% increase, the Group has once again improved its profitability, 9% of 2004 sales. At the same time, the company continued improving its net debt/equity ratio, which was reduced to 0.21 as of December 31st, 2004.

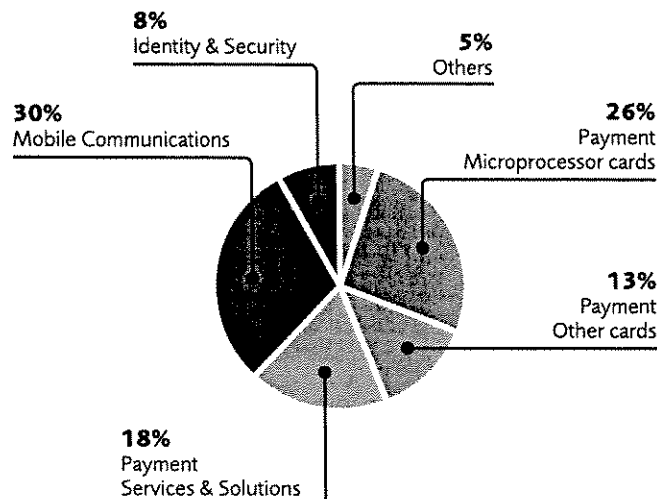
This result is even more remarkable as it takes place in a context of tough competition and at a time when the company has increased its foreign investments with returns in terms of sales expected in 2005 and beyond. ”

Cyril Malher,
CFO

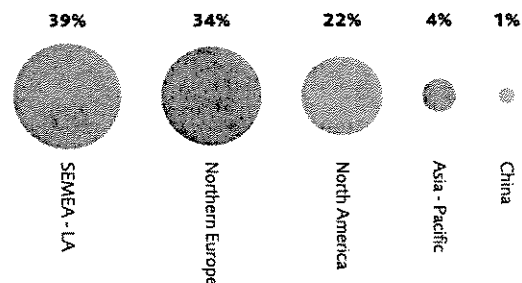
2004 Sales (in € million)

Sales for the full year 2004 reached €450.8 M, a 7% year-on-year increase before parity impact and 4.8% at current rate. Publication of the financial statements in US dollars would have revealed a 15.2% increase in sales.

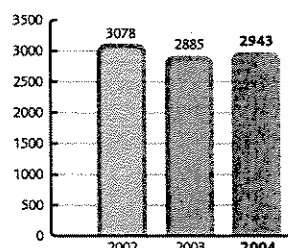




2004 Sales by market

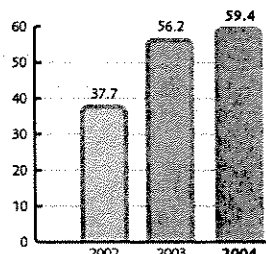


2004 Sales by geographical area



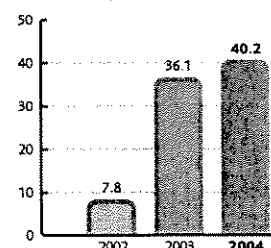
Headcount
end of period

Total headcount as of December 31st, 2004 was 2943, an increase of 1.97% over the year mainly due to geographical expansion.

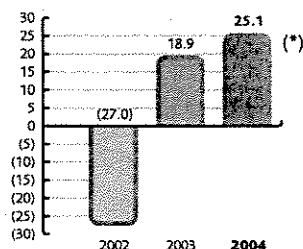


EBITDA
(in € million)

The improvement in profitability is mainly due to a steady high-level gross margin (+60%). This is the result of the Group's strategy in high-end micro-processor products and the quality of the services and solutions provided to its customers. The good control of personnel costs and overheads were also contributing factors.

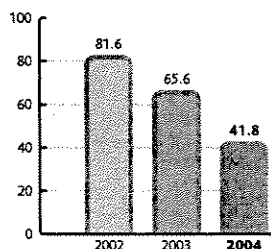


EBIT
(in € million)



Net Results
(in € million)

Oberthur Card Systems has reached in 2004 its best net result ever, with an increase of +32.4% on a year-on-year basis.

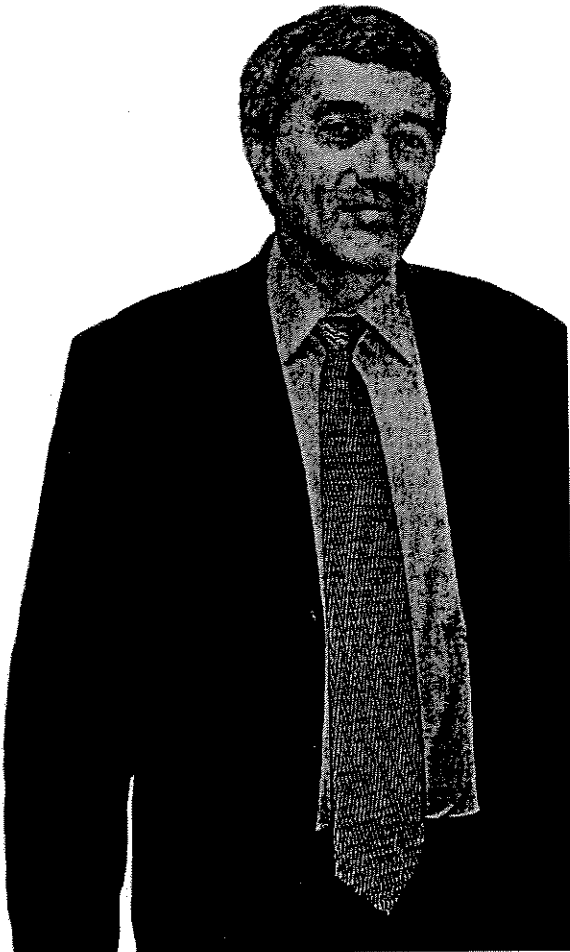


Net Debt
(in € million)

With a cash flow from operating activities of €40 M, the company was able to both finance its growth investments of over €20 M (an increase of +33% over 2003) and reduce its net debt by more than €20 M. Targeted costs allowed the net debt / equity ratio to fall to a 0.21 historic level.

(*) Including a deferred tax asset on Oberthur Card Systems France amounting to €6.9 M.

Research & Development



“ We are proud to announce that our goals have been reached: in February 2005 the Group unveiled GIGAntIC™, the first operational 128 MegaByte USIM card implemented in a standard GSM telephone. ”

Eric Alzai,
CTO

Oberthur Card Systems' R&D teams constantly strive to push the performance envelope and the Group has a track record of bringing countless products to the market well ahead of its competitors. Year after year, the company strengthens its position as leader in innovation and high security. To accompany its territorial expansion, Oberthur Card Systems continues to develop its R&D activity both in France and Asia.

A technological leap forward... the GIGAntIC™ card

The implementation of vastly increased storage capacity and faster communication are prerequisites for the development of smart cards in multimedia applications.

In 2004, Oberthur Card Systems announced its commitment to the challenge of delivering high storage capacity products. The company also looked at improving the communication protocol between SIM cards and handsets in order to make the best use of the new cards' potential. We are proud to announce that these goals have been reached: in February 2005, the Group unveiled GIGAntIC™, the first operational 128 MegaByte USIM card implemented in a standard GSM phone. The GIGAntIC card has a memory capacity a 1,000 times greater than the high-capacity 128 KB SIM products, along with broadband communication protocols, a secure 32-bit processor, and cryptographic functions.

Currently, Oberthur Card Systems has opted to base the first generation of GIGAntIC cards on the MMC protocol. This technology is already widely supported by terminals and is therefore especially well suited for mass storage in a GSM environment. This very pragmatic choice has enabled the company to stay on the cutting edge of innovation by optimizing its investment and minimizing the modifications needed to the architecture of existing handsets. At the same time, work on USB technology is in progress and GIGAntIC, which can also accommodate this option, traditionally better suited to the world of PCs, is thereby opening up opportunities for secure multimedia storage.

A bold choice: flash memory

Two years ago, Oberthur Card Systems introduced flash technology in its card architecture, and has since then pursued its work to integrate flash memory in its operating systems. This type of memory offers a level of flexibility that significantly reduces pre-production cycles and has given the company a decisive competitive edge for the development and certification of complex new products, such as the latest generation of the Vodafone 3G product.

By combining its know-how to the appropriate technology, Oberthur Card Systems has once again allowed the Group to maintain its leadership status in innovation.

Core business: security

This year, Oberthur Card Systems has also ramped up its efforts with regards to cryptography and security. By working upstream with the leading silicon suppliers, the R&D teams have developed a large number of optimized and secured algorithms. The implementation of elliptic curve cryptography on a new generation of components has enabled the use of shorter keys, saving memory space and executing the calculations faster.

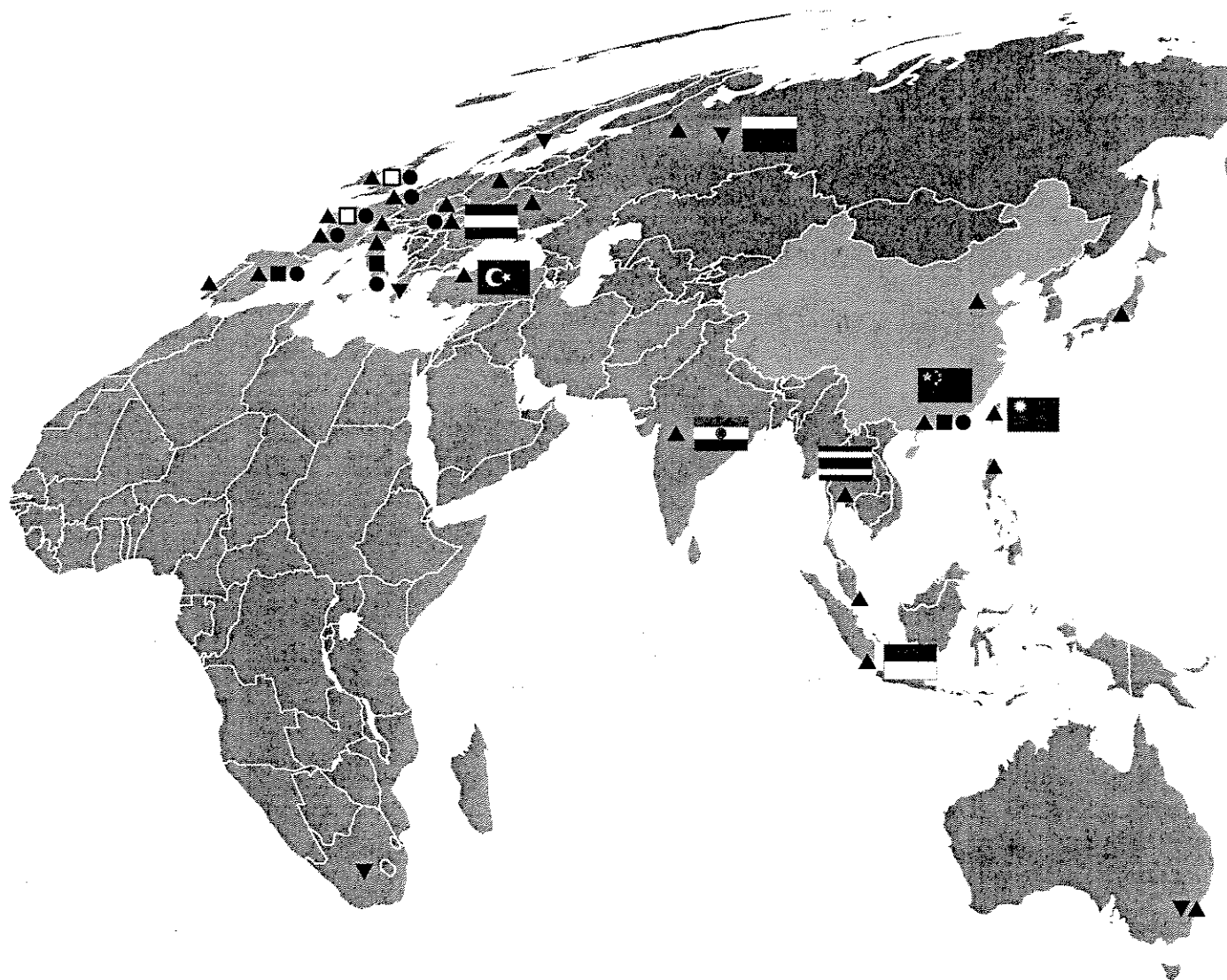
The Group's commitment has been rewarded by the first ever FIPS 140-2 level 3 certification for a contactless platform using this type of cryptography.

The challenge of contactless technology

Oberthur Card Systems is actively involved in the development of contactless technology in the identity, transit and payment sectors. In 2004, the company invested heavily in this technology and every step of the production process: chips, antennas, card-reader-antenna interface, and the development of new form factors. With its expertise in industrialization and personalization, the Group is now a step ahead and has been able to seize new opportunities for growth.

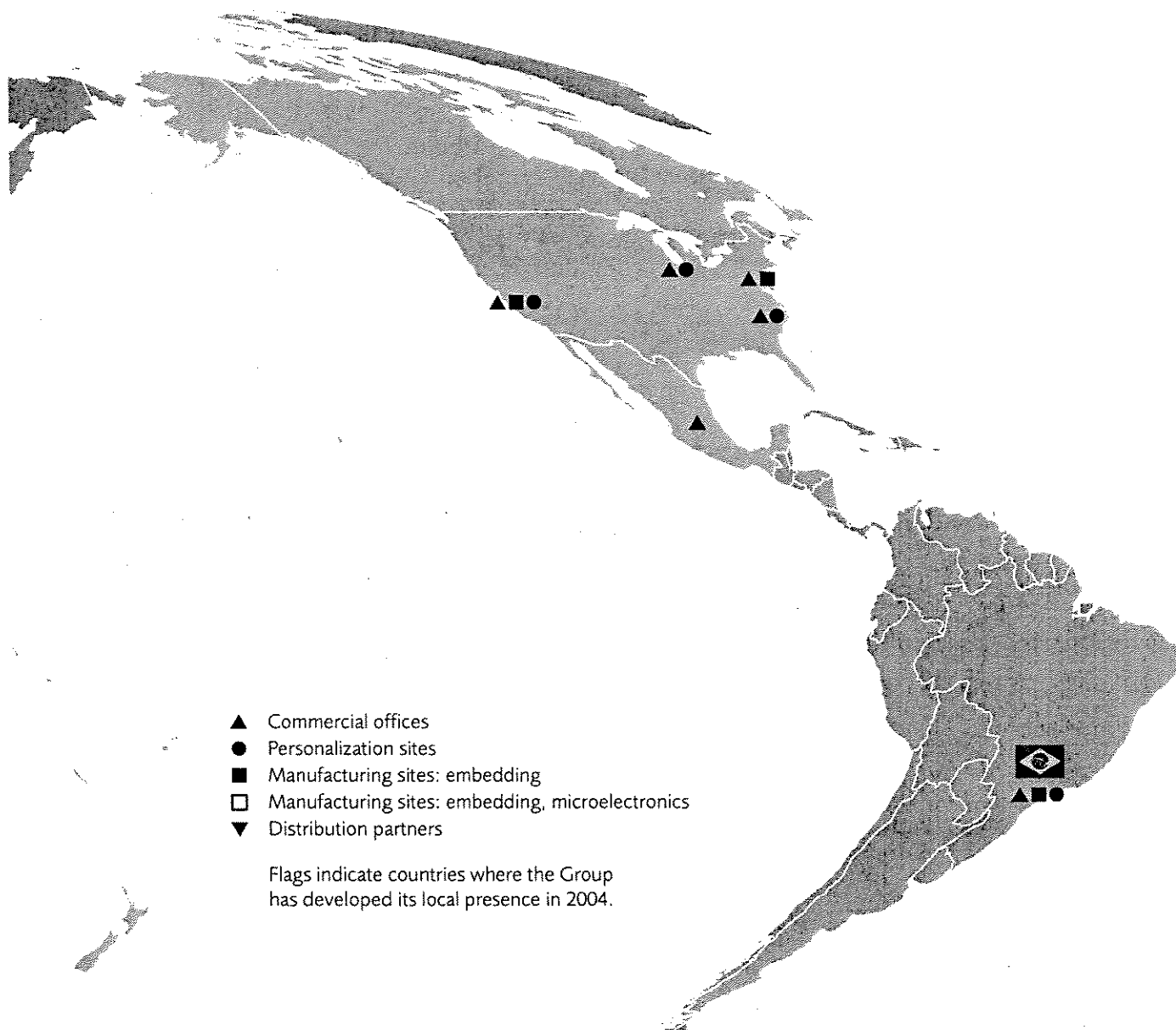


Global Expertise, Local Solutions



The success of Oberthur Card Systems owes much to the Group's capacity to offer all its customers the very best technology. The introduction of new pre-sales and card configuration tools in 2005 will significantly reinforce this capability and enable Oberthur Card Systems to offer unrivaled service to its customers.

-  North America
-  Northern Europe
-  Southern Europe, Middle East, Africa, Latin America
-  China
-  Asia Pacific




Worldwide presence

The Oberthur Card Systems organization reflects a strategy of close cooperation with its customers on the commercial, industrial and technical levels. During the 2004 fiscal year, the company considerably expanded its geographical coverage in Brazil, Eastern Europe, India, Indonesia, Taiwan and Thailand, while reinforcing its production capacity in Budapest, Sao Paolo, and Shenzhen. The Group also signed major partnership agreements to facilitate access to new markets like China and Russia.



Payment & Services

A high-contrast, black and white photograph showing a hand holding a credit card over a payment terminal. The card is positioned horizontally, and the terminal's keypad and screen are visible below it. The background is dark and textured.

The Group is the world's #1 supplier of Visa and MasterCard payment cards, and has been working with more than 5,000 financial institutions in all five continents for the past 20 years. This expertise has enabled Oberthur Card Systems to develop a methodology specifically geared towards helping institutions migrate to the EMV standard and facilitate the launch of new value-added services.

Payment & Services



“ With over 100 million EMV cards shipped and the roll out of 130 pilot projects worldwide, Oberthur Card Systems is the undisputed leader on the banking market and the world's number one manufacturer of Visa and MasterCard cards. **”**

A major player in EMV migration

EMV migration is one of the greatest challenges that banks will have to face in the coming years. Although it is well down the road in the UK, it has yet to be implemented in most European countries as well as in Asia, Africa and South America. The next three years will be crucial for the deployment of this international standard.

With over 100 million EMV cards shipped, and a proven track record in 130 pilot projects worldwide, Oberthur Card Systems is the undisputed leader in the banking market and the world's number one manufacturer of Visa and MasterCard cards. Having taken full advantage of its strategic positioning in the UK and achieved recognition for its know-how in EMV migration, Oberthur Card Systems is preparing for strong growth in new national markets.

Unrivalled expertise in personalization

With the general adoption of the EMV standard, the process of personalizing smart cards is becoming increasingly complex, requiring new skills in the handling of data and the management of keys.

The ability to outsource the personalization of their payment cards will allow financial institutions to focus on their core business and substantially reduce their investment costs. Oberthur Card Systems has developed leading edge services to enable card issuers to make the very most of the advantages linked to EMV migration.

In 2004, Oberthur Card Systems significantly extended its territorial coverage and can now provide service to its customers from 22 personalization centers around the world. Personalizing 400 million payment cards annually, Oberthur Card Systems is the world leader in this market and has unrivalled know-how recognized by the world's largest financial institutions.